

FISCAL NOTE

HB 807 - SB 958

February 23, 2005

SUMMARY OF BILL: Exempts any person or company producing a film or other video program in Tennessee from the payment of the Hall income tax, business tax, franchise and excise tax, and sales and use tax.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$920,000

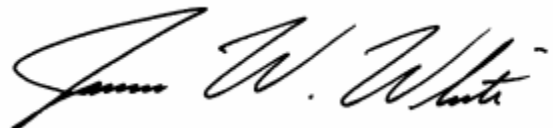
Decrease Local Govt. Revenues - \$185,000

Assumptions:

- Tax base of \$20 million (includes all types of film production).
- Hall income tax is applicable to interest and dividends only and thus would not affect income earned for movie or film production.
- Business tax rate of 3/80 of 1% on wholesale sales.
- Decrease in state and local government revenues from business tax exemptions estimated to be \$3,220 and \$4,280 respectively.
- Franchise and excise tax collections in Tennessee estimated to be \$1,234.6 million for FY2006.
- Approximately twenty-nine one-thousandths of 1% (0.029%) of all franchise and excise tax collections in Tennessee estimated to be derived from film production.
- Decrease in state revenues from franchise and excise tax exemptions estimated to be \$358,000.
- 40% of tax base spent on sales of taxable goods and services.
- Decrease in state revenues from sales and use tax exemptions estimated to be \$560,000.
- Decrease in local government revenues from sales and use tax exemptions estimated to be \$180,000.
- Local option sales tax rate of 2.25%.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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